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UNCLAS OTTAWA 001250

SIPDIS

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SUBJECT: CANADA'S RESPONSE TO LETTER FROM UNDER SECRETARIES  
LARSON AND TAYLOR ON FILLING THE AFGHAN GOVERNMENT'S  
FINANCING GAP

REF: A. OTTAWA 1168

[1](#)B. STATE 105217

[1](#)1. Hau Sing Tse, Vice-President of Canada's International Development Agency has responded on behalf of the GOC to the letter conveyed in Ref b. Following is the faxed text of the letter.

[1](#)2. Begin text

2003-05-02

Mr. John B. Taylor  
Under Secretary of Treasury  
for International Affairs  
U.S. Department of the Treasury

Mr. Allan Larson  
Under Secretary of State for Economic,  
Business and Agricultural Affairs  
U.S. Department of State

Dear Sirs:

Thank you for your letter of 25 April regarding the international community's support for Afghanistan's reconstruction. We too were encouraged by the show of support through the participation of so many bilateral donors and International organizations represented at the Afghanistan High-Level Strategic Forum in Brussels.

In reference to Finance Minister Ghani's request for predictability of funding, Canada responded by pledging financial support for the operating and development budgets beyond this solar year. As you know, Canada pledged CDN \$250 million in new aid to Afghanistan for the next two years. We have also heeded the Afghanistan Transitional Authority's request that funding be directed to their priorities. This is a fundamental principle of CIDA's Interim Assistance Plan for Afghanistan as approved by the Minister for International Cooperation, the Honourable Susan Whelan.

In this respect, our program will support three areas from the National Development Framework (NDF) and Budget: rural livelihoods and social protection; natural resources management, with an emphasis on agriculture; and security and the rule of law, and we will continue to make significant contributions to the operating budget. We informed Afghan representatives in Brussels that CDN \$23.5 million would be provided for the operating budget for the current year through the Afghanistan Reconstruction Trust Fund (ARTF). That contribution has already been forwarded to the ARTF.

CIDA is continuing its dialogue with the Afghan Aid Coordination Authority and with line ministries to determine specific areas for program and project support within the three NDF programs. We will consider an additional contribution to this year's operating budget as part of the deliberations with our Minister, and these deliberations will also take into account the unallocated portion of our pledge.

In closing I would like to highlight the excellent communication between our CIDA officials and your representatives in the United States Embassy here in Ottawa. I look forward to the continuation of our close cooperation in assisting in the reconstruction of Afghanistan.

Yours Sincerely,

Hau Sing Tse  
Vice-President Asia Branch

cc: Jonathan Fried, Senior Deputy Minister, Department of Finance  
David Mulroney, Assistant Deputy Minister, Asia-Pacific,  
DFAIT

End text

[1](#)3. As noted in Ref A, CIDA staff expect Minister Whelan to

make final decisions ("deliberations with our Minister") on allocation of aid to Afghanistan in June.  
CELLUCCI